

U.S. Department of Labor

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September 25, 2023

Aaron Stites, President
United Steelworkers of America
Local 13-930
204 S. Hogan St.
Pryor, OK 74361

Case Number: 420-6027377()
LM Number: 069011

Dear Aaron Stites:

This office has recently completed an audit of United Steelworkers of America (USW) Local 13-930 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Secretary Treasurer Michael Crow on September 8, 2023, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 13-930's 2022 records revealed the following recordkeeping violations:

1. Contributions, Gifts, and Grants

Local 13-930 did not maintain supporting documentation of the purchase or distribution of union jackets it gave away to the membership totaling \$6,951.49. The union must maintain supporting documentation of authorization for the purchases, purchase receipts, or identify the date the items were given away and the recipients of those items.

2. General Reimbursed Expenses

Local 13-930 failed to maintain supporting documentation for reimbursements to President Aaron Stites for the purchase of union shirts to distribute to members, parking, pizza for a union meeting, a printer, and antivirus for the union laptops using his personal credit card totaling \$2,118.58. Also, the union must maintain supporting documentation of the authorization for the reimbursement for expenses and purchase receipts.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Lost Wages

Local 13-930 did not retain adequate documentation for lost wage reimbursement payments to President Aaron Stites, Financial Treasurer Michael Crow, Former Vice President Frank Hart, Vice President Jason Thomas, and Former Financial Secretary Zach Spoonemore totaling at least \$1,748.78.

The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 13-930, retained lost time vouchers completed and submitted by the individual requesting payment. However, hours and rate of pay for lost time are not confirmed for accuracy and supporting documentation is not provided for the claims.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 13-930 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Lack of Salary Authorization

Local 13-930 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was authorized, the authorized

amount, and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

During the audit opening interview, Crow stated that officer salaries are paid based on past practices and salary amounts for officers are \$125.00 for the financial secretary, \$100.00 for both the vice president and recording secretary, and the president did not receive a salary. A review of salaries paid to officers revealed an overpayment of \$200.00 made to Hart. The local should require Hart to repay the union \$200.00 for unauthorized salary.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 13-930's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 13-930 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Office and Administrative Expenses/Other Disbursements

Local 13-930 did not properly report disbursements in Item 48 (Office and Administrative Expenses) and Item 54 (Other Disbursements). The local should have reported \$323.54 for the union hall rent and banking fees in Item 48 and \$1,709.99 for state and local taxes in Item 54.

The union must report disbursements made for its ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. in Item 48 (Office and Administrative Expenses).

For Item 54 (Other Disbursements), the union should enter all disbursements not reported in Items 45 through 53, including fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of funds collected for third parties, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties.

2. Contributions, Gifts, and Grants

Local 13-930 did not properly report gifts for members and funeral flowers in Item 51 (Contributions, Gifts, and Grants). The local should include the purchase of funeral flowers and jackets the local gave to the membership totaling \$7,029.42 in Item 51 (Gifts, Grants, and Contributions).

3. General Reimbursed Expenses

The local did not include some reimbursements to officers totaling \$2,118.58 in Item 24 (All Officers and Disbursements to Officers). It appears the union under reported amounts paid to Stites by \$2,103.58 in Item 24, Column E (Allowances and Other Disbursements) on the LM-3.

For Item 24, Column E (Allowances and Other Disbursements), the union must report most direct disbursements to Local 13-930 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer.

4. Lost Wages

Local 13-930 did not properly report amounts to Crow, Thomas, and Hart in Item 24, Section D (Gross Salary) for lost time paid to officers for attending meetings, travel, and training during their regular work hours. The union under reported \$49.44 for Crow, \$24.25 for Hart, and \$59.99 for Thomas. The accurate amount for Crow was \$191.44, \$194.15 for Hart, and \$555.99 for Thomas.

The union must report most direct disbursements to Local 13-930 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Local 13-930 was required to file an amended LM-3 for the fiscal year ended December 31, 2022, to correct the deficient items discussed above. The local has now filed an amended Form LM-3 for the fiscal year ended December 31, 2022.

Other Issue

Salary Overpayment

Local 13-930 paid officers' monthly salary based on past practice. Financial Secretary Michael Crow stated the vice president's monthly salary is \$100. Vice President Frank Hart was paid \$1,400 for salary during the audit year, and therefore, owes the local \$200.

I want to extend my personal appreciation to United Steelworkers Local 13-930 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Michael Crow, Secretary Treasurer
Jason Thomas, Vice President
Frank Hart, Vice President